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**January 2008
E-Newsletter**

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BUDGET DEFICIT TAKES CENTER STAGE

California's \$14.5 billion deficit has assumed dominance over virtually every issue at the Capitol. How the Legislature and the governor deal with the shortfall will affect every facet of state government.

On January 10, the governor declared a fiscal emergency, mandating that the Assembly and Senate act to balance the budget. If the Legislature fails to act within a 45-day deadline, statutes prohibit lawmakers from considering other bills until a budget solution is passed.

The governor proposes to wipe out most of the deficit by instituting across-the-board cuts that will undermine crucial health and social programs that comprise the Safety Net for the poor and disabled -- programs that have already borne the brunt of cuts over the years. This heavy-handed approach fails to account for some programs whose budgets have not kept pace with the state's growing population or inflation. For example, general fund spending for prisons has risen by 74 percent in the past four years while social service programs have increased by less than 9 percent.

CalWorks, which provides temporary financial support, employment services and child care to our poorest families, has seen its budget drop by more than 30 percent since 1998. Over the years, welfare payments have fallen far behind the actual cost of living. Last year, a family of three received \$723 per month for a CalWorks grant compared to \$694 in 1990. Now, the governor is recommending cutting the CalWorks welfare grant program an additional \$432.6 million.

Reducing state funding by a proposed \$1.1 billion for Medi-Cal also puts California at risk for losing available federal matching funds, effectively doubling the cuts

Locally, these cuts will translate into a projected loss of at least \$25.5 million for Santa Clara County's Child Welfare Services, In-Home

District Office:

100 Paseo de San Antonio
Suite 300
San Jose, CA 95113
Tel: (408) 282-8920
Fax: (408) 282-8927

Capitol Office:

State Capitol
P.O. Box 942849
Sacramento, CA 94249-
0024

Tel: (916) 319-2024
Fax: (916) 319-2124

Supportive Services, Food Stamps, and Medi-Cal programs. Dental care and eye care for Medi-Cal patients will be wiped out.

But there are other alternatives to wiping out the deficit, and that's looking for legitimate ways to raise revenue, a strategy supported in the Legislative Analyst's Office budget overview released January 14. The state loses an estimated \$17 billion every year in antiquated tax loopholes, including \$4 billion in giveaways for commercial property owners, oil companies, and corporations, according to the non-profit California Tax Reform Association.

There are state agencies with fat that needs to be trimmed, and they should be identified. But legislators must also identify those important programs that deserve to be rescued from cuts.

Below is a chart that summarizes the governor's proposal to cope with the \$14.5 billion deficit. The plan includes creating a projected reserve of \$2.8 billion.

Sale of remaining deficit reduction bonds	\$3.3 billion
10 percent reductions in current fiscal year	\$0.2 billion
10 percent reductions in next fiscal year	\$9.1 billion
No extra debt service payment on previously sold bonds	\$1.5 billion
Reduce Proposition 98 spending	\$0.4 billion
Additional tax collections	\$0.4 billion
Other reductions (special session)	\$0.3 billion
<u>Early accrual of September 2009 tax payments</u>	<u>\$2.0 billion</u>
Estimated total	\$17.2 billion

Chart source: County Welfare Directors Association of California

UPCOMING EVENTS

Assemblymember Jim Beall, Jr.'s District Open House
January 31, 2008 4:00-6:30p.m.
Paseo de San Antonio, Suite 300 San Jose, CA 95113

Please drop by to say hello and discuss community and legislative issues. Informational brochures will also be available. Light refreshments will be

served. For more information please call (408) 282-8920. RSVP is appreciated.

2008 Santa Clara County Children's Summit
Bold Steps for Children
January 31, 2008, 8:00 a.m. - 12:00 p.m.
IBEW Local #332
2125 Canoas Garden Ave., Suite 100 San Jose, CA 95125

The Children's Summit, hosted by Kids in Common, will bring people together to take the next bold step to ensure all children in Santa Clara County thrive. For more information please visit: <http://childrenssummit.eventbrite.com>.

FREE INCOME TAX ASSISTANCE

Volunteer Income Tax Assistance (VITA) 2008 will help low income, disabled, elderly, and limited English-speaking people with their income tax returns. Federal and state returns will be prepared at all sites. VITA will not prepare state-only returns.

The volunteers are trained to prepare basic 2007 Forms 1040 EZ, 1040A, or 1040 with Schedule A, B, and California State Income Tax returns only. Please bring all pertinent income tax information, including ID, Forms W2, 1099, Social Security cards for dependents, etc. Also, bring your 2007 booklets received in the mail and your 2006 return, if available.

Customers will be served on a first-come-first-served basis unless otherwise stated. Questions about your taxes? The toll-free Internal Revenue Service help line is 1-800-829-1040.

Locations for free income tax assistance within Assembly District 24 are:

Campbell Library, 77 Harrison Ave., Campbell, CA 95008.

February 9 - April 12

Thursdays, 6 p.m. - 8 p.m.

Saturdays, 1:30 p.m. - 3:30 p.m.

Russian- and Spanish-speaking tax preparers available; electronic filing.

Star One Credit Union, 1090 Blossom Hill Road, San Jose, CA 95123.

January 15 - April 12

Tuesdays, 9 a.m. - 1 p.m.

Thursdays, 9 a.m. - 1 p.m.

Electronic filing.

Work2Future One Stop-San Jose, 1290 Parkmoor Ave., San Jose, CA 95126.



February 5-April 15

Tuesdays, 5 p.m.-7 p.m.

Spanish-speaking tax preparers available; electronic filing